

**Registre de Commerce et des Sociétés**

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**LUXEMBOURG FUTURE FUND**

Société d'investissement à capital variable – Fonds d'investissement spécialisé (SICAV-FIS)

RCS Luxembourg : B 196 318

**A closed-ended investment company with variable capital in umbrella form with separate sub-funds, incorporated in Luxembourg as a specialised investment fund**

**Financial statements and report of the Réviseur  
d'Entreprises agréé for the period from  
April 20, 2015 (date of incorporation) to March 31, 2016**

## LUXEMBOURG FUTURE FUND

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No subscriptions can be accepted on the basis of these financial statements. Subscriptions can only be received on the basis of the current prospectus supplemented by the last available annual report.

**LUXEMBOURG FUTURE FUND**

**Management and Administration**

**Registered office**

5, allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

**Board of Directors**

Mr. John Anthony Holloway, Director, European Investment Fund

Mr. Hubert Cottogni, Deputy Director, European Investment Fund

Mr. Patrick Nickels, Executive Chairman, Société Nationale de Crédit d'Investissement

Mr. Etienne Reuter, Vice-Chairman, Société Nationale de Crédit d'Investissement

Mr. Romain Bausch, Honorary Chairman, Société Nationale de Crédit d'Investissement

**Advisor**

European Investment Fund  
37B avenue J.F. Kennedy  
L-2968 Luxembourg  
Grand Duchy of Luxembourg

**Depository and Paying Agent**

CACEIS Bank Luxembourg  
5, allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

**Administrative Agent**

CACEIS Bank Luxembourg  
5, allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

**Réviseur d'entreprises Agrée**

Deloitte Audit S.à r.l., Luxembourg  
560, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

**Legal advisor**

Allen & Overy, Société en commandite simple  
33, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

LUXEMBOURG FUTURE FUND

**Board of Director's report**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**For the fiscal year ended March 31, 2016**

Luxembourg Future Fund, S.A. SICAV-SIF ("LFF" or the "Company") was incorporated on April 20, 2015 as an umbrella investment company with variable capital – specialised investment fund (*Société d'investissement à capital variable – fonds d'investissement spécialisé*) and was established as a public limited liability company (*Société Anonyme*).

The Company is governed by the Luxembourg act of February 13, 2007 relating to specialised investment funds, as amended, the Luxembourg act of August 10, 1915 concerning commercial companies, as amended, and the articles of association of the Company. The Company was approved by the Luxembourgish financial sector supervision authority, the *Commission de Surveillance du Secteur Financier* ("CSSF").

The first closing took place at EUR 150m on April 20, 2015 with the investors Luxembourg *Société Nationale de Crédit et d'Investissement* ("SNCF") and European Investment Fund ("EIF") overall committing EUR 120m and EUR 30m respectively. In addition to its role as investor, EIF acts as LFF's advisor, performing investment advisory, operational, reporting and execution tasks.

The Company invests in early and growth innovative technology SMEs as well as in Venture Capital funds (i.e companies active in the ICT, cleantech and other technology sectors excluding health technologies and life science sectors) targeting to bring value added activities to Luxembourg. Its objective is to provide its investors with a risk commensurate return on investments while at the same time fostering the sustainable development and diversification of the Luxembourg economy. The Company applies restrictions to its investment policy in relation to certain economic sectors which are considered not to be compatible with the ethical or social basis of the LFF mission.

LFF has an umbrella structure currently consisting of three sub-funds, whereas the subscription period of the sub-funds remained open for 12 months following the first closing date. The sub-fund's aggregate commitments amount to EUR 50m for the Luxembourg Future Fund – VC Fund of funds sub-fund (SNCF: EUR 40m; EIF: EUR 10m), to EUR 90m for the Luxembourg Future Fund – Co-Investments sub-fund (SNCF: EUR 72m; EIF: EUR 18m), and to EUR 10m for the Luxembourg Future Fund – Business Angels and Family Offices Co-Investments sub-fund (SNCF: EUR 8m; EIF: EUR 2m).

In the fiscal year ended March 31, 2016, LFF approved an investment for an amount of c. EUR 18.37m (USD 20m) in July 2015 to Paladin Cyber Fund ("Paladin") under the LFF - VC Fund of funds sub-fund. In Q4 2015, Paladin obtained the necessary approval of the legal documentation from the CSSF. Paladin has been actively fundraising with a view to hold the first closing in 2016. Furthermore, a healthy pipeline was reviewed for LFF, including the two Co-Investments' sub-funds. Discussions have been held with SMEs as well as with Venture Capital funds, Business Angels, and Family Offices to screen their potential to increase the Company's deal flow and act as a co-investor in charge of the management, under the supervision of EIF, of LFF's investments in portfolio companies.

Looking back on the fiscal year, LFF is playing an important role in helping to create greater awareness of Luxembourg as a destination for SMEs and investors in the international start-up ecosystem. The funding model has been attracting increased interest from both SMEs and investors alike. As the investment opportunities for LFF mature further, LFF will continue to act as a strong catalyst for innovative technology SMEs making a strong impact on the Luxembourg economy.

**The Board of Directors**

To the Shareholders of  
Luxembourg Future Fund S.A. SICAV-SIF  
5, allée Scheffer  
L-2520 Luxembourg

## REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

We have audited the accompanying financial statements of Luxembourg Future Fund S.A. SICAV-SIF (“the SICAV”) and of each of its sub-funds, which comprise the statement of net assets as at March 31, 2016, the statement of operations, the statement of changes in net assets and the changes in the number of shares for the period from April 20, 2015 to March 31, 2016, and a summary of significant accounting policies and other explanatory information.

### *Responsibility of the Board of Directors of the SICAV for the financial statements*

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Luxembourg Future Fund S.A. SICAV-SIF and of each of its sub-funds as at March 31, 2016, and of the results of their operations, changes in their net assets and changes in their number of shares for the period from April 20, 2015 to March 31, 2016 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

#### *Other matter*

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

For Deloitte Audit, *Cabinet de révision agréé*



Nick Tabone, *Réviseur d'entreprises agréé*  
Partner

July 29, 2016

## LUXEMBOURG FUTURE FUND

**Statement of Net Assets**  
**as at March 31, 2016**

|                          |              | <b>VC Funds of<br/>Funds</b> | <b>Co-Investments</b> | <b>Business Angels<br/>and Family Offices<br/>Co-Investments</b> | <b>Combined</b> |
|--------------------------|--------------|------------------------------|-----------------------|--|-----------------|
|                          | <b>Notes</b> | <b>EUR</b>                   | <b>EUR</b>            | <b>EUR</b>   | <b>EUR</b>      |
| <b>ASSETS</b>            |              |                              |                       |  |                 |
| Formation expenses       | 3            | 22 748                       | 40 946                | 4 550  | 68 244          |
| <b>Current assets</b>    |              |                              |                       |  |                 |
| Cash at bank             |              | 48 039                       | 63 470                | 27 607   | 139 116         |
| Prepaid expenses         |              | 2 653                        | 4 775                 | 531  | 7 959           |
| <b>Total assets</b>      |              | <b>73 440</b>                | <b>109 191</b>        | <b>32 688</b>  | <b>215 319</b>  |
| <b>LIABILITIES</b>       |              |                              |                       |  |                 |
| Other creditors          | 9            | 50 910                       | 27 331                | 20 368   | 98 609          |
| <b>Total liabilities</b> |              | <b>50 910</b>                | <b>27 331</b>         | <b>20 368</b>  | <b>98 609</b>   |
| <b>NET ASSETS</b>        |              | <b>22 530</b>                | <b>81 860</b>         | <b>12 320</b>  | <b>116 710</b>  |

The accompanying notes form an integral part of these financial statements.

## LUXEMBOURG FUTURE FUND

**Statement of Operations**

for the period from April 20, 2015 (date of incorporation) to March 31, 2016

|                                    |              | <b>VC Funds of<br/>Funds</b> | <b>Co-Investments</b> | <b>Business Angels<br/>and Family Offices<br/>Co-Investments</b> | <b>Combined</b>    |
|------------------------------------|--------------|------------------------------|-----------------------|--|--------------------|
|                                    | <b>Notes</b> | <b>EUR</b>                   | <b>EUR</b>            | <b>EUR</b>   | <b>EUR</b>         |
| <b>EXPENSES</b>                    |              |                              |                       |  |                    |
| Amortisation of formation expenses | 3            | (5 323)                      | (9 579)               | (1 064)  | (15 966)           |
| Advisory fees                      | 10           | (342 001)                    | (615 602)             | (68 400)   | (1 026 003)        |
| Professional fees                  | 11           | (38 263)                     | (12 980)              | (9 425)  | (60 668)           |
| Administration fees                | 12           | (12 646)                     | (14 349)              | (10 943)   | (37 938)           |
| Subscription tax                   |              | (1)                          | (2)                   | -  | (3)                |
| Other expenses                     | 13           | (6 736)                      | (12 128)              | (1 348)  | (20 212)           |
| <b>Total expenses</b>              |              | <b>(404 970)</b>             | <b>(664 640)</b>      | <b>(91 180)</b>  | <b>(1 160 790)</b> |
| <b>Results from operations</b>     |              | <b>(404 970)</b>             | <b>(664 640)</b>      | <b>(91 180)</b>  | <b>(1 160 790)</b> |

The accompanying notes form an integral part of these financial statements.



## LUXEMBOURG FUTURE FUND

**Statement of Changes in Net Assets**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

|   | Notes | VC Funds of Funds<br>EUR | Co-Investments<br>EUR | Business Angels<br>and Family Offices<br>Co-Investments<br>EUR | Combined<br>EUR |
|---|-------|--------------------------|-----------------------|--|-----------------|
| Net assets at the beginning of the period |       | -                        | -                     | -  | -               |
| Result from operations                    |       | (404 970)                | (664 640)             | (91 180)   | (1 160 790)     |
| Capital issued during the period          | 5     | 427 500                  | 746 500               | 103 500  | 1 277 500       |
| Net assets at the end of the period       |       | 22 530                   | 81 860                | 12 320   | 116 710         |

## As at March 31, 2016 EUR

**VC Funds of Funds**

|                                  |            |
|----------------------------------|------------|
| <u>Net assets</u>                | 22 530     |
| <u>Number of shares</u>          |            |
| Class A shares                   | 85 499.00  |
| Class CI shares                  | 1.00       |
| Class B shares                   | 342 000.00 |
| <u>Net asset value per share</u> |            |
| Class A shares                   | 0.05       |
| Class CI shares                  | 0.05       |
| Class B shares                   | 0.05       |

**Co-Investments**

|                                  |            |
|----------------------------------|------------|
| <u>Net assets</u>                | 81 860     |
| <u>Number of shares</u>          |            |
| Class A shares                   | 149 299.00 |
| Class CI shares                  | 1.00       |
| Class B shares                   | 597 200.00 |
| <u>Net asset value per share</u> |            |
| Class A shares                   | 0.11       |
| Class CI shares                  | 0.11       |
| Class B shares                   | 0.11       |

**Business Angels and Family Offices Co-Investments**

|                                  |           |
|----------------------------------|-----------|
| <u>Net assets</u>                | 12 320    |
| <u>Number of shares</u>          |           |
| Class A shares                   | 20 699.00 |
| Class CI shares                  | 1.00      |
| Class B shares                   | 82 800.00 |
| <u>Net asset value per share</u> |           |
| Class A shares                   | 0.12      |
| Class CI shares                  | 0.12      |
| Class B shares                   | 0.12      |

The accompanying notes form an integral part of these financial statements.

## LUXEMBOURG FUTURE FUND

**Changes in the number of shares**

for the period from April 20, 2015 (date of incorporation) to March 31, 2016

|  | Number of shares at<br>the beginning of the<br>period | Number of<br>shares<br>issued | Number of<br>shares redeemed | Number of shares at<br>the end of the period |
|--|---|-------------------------------|------------------------------|--|
| <b>VC Funds of<br/>Funds</b>                                     |   |                               |                              |  |
| Class A shares   | -   | 85 499.00                     | -                            | 85 499.00                                    |
| Class CI shares  | -   | 1.00                          | -                            | 1.00   |
| Class B shares   | -   | 342 000.00                    | -                            | 342 000.00                                   |
| <b>Co-Investments</b>  |   |                               |                              |  |
| Class A shares   | -   | 149 299.00                    | -                            | 149 299.00                                   |
| Class CI shares  | -   | 1.00                          | -                            | 1.00   |
| Class B shares   | -   | 597 200.00                    | -                            | 597 200.00                                   |
| <b>Business Angels<br/>and Family Offices<br/>Co-Investments</b> |   |                               |                              |  |
| Class A shares   | -   | 20 699.00                     | -                            | 20 699.00                                    |
| Class CI shares  | -   | 1.00                          | -                            | 1.00   |
| Class B shares   | -   | 82 800.00                     | -                            | 82 800.00                                    |

The accompanying notes form an integral part of these financial statements.

**LUXEMBOURG FUTURE FUND**

**Notes to the financial statements  
for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 1 – General Information**

**1.1 The Fund**

Luxembourg Future Fund, including all of its Sub-Funds, (the “Fund”) is an investment company organised under the laws of the Grand Duchy of Luxembourg in the form of a public limited company (a “société anonyme”) qualifying as a société d’investissement à capital variable (“SICAV”). It is governed by the law of February 13, 2007 as amended relating to Specialised Investment Funds (the “SIF law”).

The Fund’s registered office is located at 5, allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg.

The Fund was set up for an unlimited duration on April 20, 2015. The Articles of Incorporation were published in the Mémorial C, Recueil des Sociétés et Associations (the “Mémorial”) on April 28, 2015 and were filed with the Chancery of the District Court. The Fund is registered in the Luxembourg Register of Commerce under number B 196 318.

The Fund is an umbrella structure consisting of several Sub-Funds. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment policy applicable to that Sub-Fund.

The Fund has incorporated three Sub-Funds:

- Luxembourg Future Fund – VC Funds of Funds
- Luxembourg Future Fund – Co-Investments
- Luxembourg Future Fund – Business Angels & Family Offices Co-Investments

The objective of the Fund and each of its Sub-Funds is to obtain a financial return while at the same time fostering the sustainable development and diversification of the Luxembourg economy by making investments (primarily of a (quasi-)equity nature) in target funds and final beneficiaries expected to have a high spillover relevance for Luxembourg by meeting the spillover criteria. Investments by the Fund and any Sub-Fund shall be made on a strict commercial basis with risk-commensurate financial performance objectives.

The financial year of the Fund starts on April 1 of each year and ends on March 31 of the same year, except for the first financial period which began on April 20, 2015 (date of incorporation) and ended on March 31, 2016 (the “period” or the “financial period”).

For the purpose of the Alternative Investment Fund Manager (“AIFM”) Directive, the Fund is registered with the Commission de Surveillance du Secteur Financier (“CSSF”) as an internally managed Alternative Investment Fund (“AIF”). None of the Sub-Funds will be leveraged and Investors in any Sub-Funds do not have redemption rights exercisable during a five year period following the date of their initial investment in the relevant Sub-Fund.

## LUXEMBOURG FUTURE FUND

**Notes to the financial statements**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 1 – General Information (continued)****1.2 Sub-Funds**

As at March 31, 2016, three Sub-Funds were incorporated:

| <b>Sub-Funds</b>   | <b>Currency</b> | <b>Date of incorporation</b> | <b>Maturity</b> |
|--|-----------------|------------------------------|-----------------|
| Luxembourg Future Fund - VC Funds of Funds                               | EUR             | April 20, 2015               | April 2032      |
| Luxembourg Future Fund - Co-Investments                                  | EUR             | April 20, 2015               | April 2025      |
| Luxembourg Future Fund - Business Angels & Family Offices Co-Investments | EUR             | April 20, 2015               | April 2025      |

**Investment policy of the Sub-Fund Luxembourg Future Fund – VC Funds of Funds**

The Sub-Fund will seek to build a balanced portfolio of target funds so as to provide its investors with a risk commensurate return on investments while at the same time fostering the sustainable development and diversification of the Luxembourg economy by making investments in target funds expected to have a high spillover relevance for Luxembourg by meeting the spillover criteria. Investments by the Sub-Fund shall be made on a commercial basis with risk-commensurate financial performance objectives.

The Sub-Fund is expected to make investments into early and growth stage target funds engaging or contributing actively to the Luxembourg venture capital ecosystem.

The Sub-Fund will seek to build a balanced portfolio of three to six target funds targeting early to growth stage innovating technology companies. The targeted target funds will be managed by established management teams (and to a lesser extent emerging management teams) which are preferably located/domiciled in Luxembourg and include Luxembourg in their investment focus. The target funds and target funds managers will also be expected to engage actively in the Luxembourg venture capital ecosystem. Venture capital inherent investment risks will be mitigated through sound diversification (sector, stage, geography, number of target funds and underlying portfolio companies) which although having an impact on the upside is expected to provide a sound financial contribution to the Sub-Fund.

**Investment policy of the Sub-Fund Luxembourg Future Fund – Co-Investments**

The Sub-Fund will seek to provide its investors with a risk commensurate return on investments with a focus on co-investments alongside co-investors in final beneficiaries while at the same time fostering the sustainable development and diversification of the Luxembourg economy by making investments in final beneficiaries expected to have a high spillover relevance for Luxembourg by meeting the spillover criteria. Investments by the Sub-Fund shall be made on a commercial basis with risk-commensurate financial performance objectives.

The Sub-Fund's investment strategy is focused on investments in final beneficiaries with outstanding financial performance prospects. Investments in final beneficiaries will be made alongside co-investors. The Sub-Fund is expected to have a well-diversified portfolio of around 10 co-investments. Co-investors will have the power to decide to proceed with an exit or disposal of a final beneficiary for the account of the Sub-Fund.

## LUXEMBOURG FUTURE FUND

**Notes to the financial statements**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 1 – General Information (continued)****Investment policy of the Sub-Fund Luxembourg Future Fund – Business Angels and Family Offices**

The Sub-Fund will seek to provide its investors with a risk commensurate return on investments with a focus on co-investments with business angels in final beneficiaries while at the same time fostering the sustainable development and diversification of the Luxembourg economy by making investments in final beneficiaries expected to have a high spillovers relevance for Luxembourg by meeting the spillover criteria. Investments by the Sub-Fund shall be made on a commercial basis with risk-commensurate financial performance objectives. Co-investors will be preferably Luxembourg based and showing or planning Luxembourg relevant investment activity.

The Sub-Fund will invest alongside co-investors into seed to growth phase tech companies. Business angels play a crucial role in supporting innovation through financing and coaching young entrepreneurs and early stage SMEs and are critical for the establishment of a sustainable venture capital ecosystem. Co-investors will have the power to decide to proceed with an exit or disposal of final beneficiary for the account of the Sub-Fund.

**Note 2 – Principle accounting policies**

The financial statements have been prepared in accordance with the Luxembourg legal and regulatory requirements (“Luxembourg GAAP”). The preparation of the financial statements requires the Board of Directors to make estimates and assumptions that affect certain amounts reported in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates and the difference could be material. The financial statements have been prepared on a going concern basis and assumes that the company will keep its activities for at least twelve month period from the reporting date.

**2.1 Valuation of financial assets**

Financial assets (hereafter referred to as “Investments”) are accounted for at fair value as determined in good faith by the Board of Directors.

***Direct Investments in Private Equity:***

In the valuation of private equity investments (such as equity, subordinated debt and other types of mezzanine finance) the Board of Directors takes into account recognised valuation methods such as those foreseen by the International Private Equity and Venture Capital Valuation Guidelines, as published by the IPEV board.

## LUXEMBOURG FUTURE FUND

**Notes to the financial statements**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 2 – Principle accounting policies (continued)*****Investments in Funds:***

Investments in regional funds are valued at their latest official and available net asset value, as reported by such funds or their agents, or at their last unofficial net asset value if more recent than their last official net asset value. The official or unofficial net asset value may be adjusted for subsequent capital calls and distributions where appropriate. The Board of Directors will adjust the net asset value or other valuation provided where the Board of Directors considers such net asset value or other valuation information does not accurately reflect the fair value of the Fund's interest in such investment fund.

For target funds which have been in the portfolio for less than 12 months before the valuation date, the Fair Value is deemed to be equivalent to the acquisition cost unless the Board of Directors considers that there has been a material change in the financial position of the fund in which the Fund has invested.

***Investments in unlisted senior debt instruments:***

Senior debt instruments invested in or granted to companies not listed or dealt in on any stock exchange or any other Regulated Market are valued at their nominal value, increased by any interest accrued less impairment. Such value is adjusted, if appropriate, to reflect the appraisal by the Board of Directors on the creditworthiness of the relevant debtor. The Board of Directors uses its best endeavours to continually assess this method of valuation and recommend changes, where necessary, to ensure that debt instruments will be valued at their fair value as determined in good faith by the Board of Directors.

***Investments in listed securities:***

The value of assets, which are listed or dealt in on any stock exchange, is based on the available price on the stock exchange, which is normally the principal market for such assets.

**2.2 Net realised profit/(loss) on sales of investments.**

The net gain/(loss) on sales of investments is determined on the basis of the average cost of the investments sold.

LUXEMBOURG FUTURE FUND

**Notes to the financial statements**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 2 – Principle accounting policies (continued)**

**2.3 Foreign Currency Translation**

The combined financial statements of the Fund are established in Euro (“EUR”). The combined financial statements are the sum of the Sub-Fund’s net assets. The reference currency of each Sub-Fund is EUR.

Income and expenses expressed in currencies other than EUR are translated into EUR at the rate prevailing on the date of transaction.

All assets and liabilities denominated in currencies other than the EUR are translated into EUR at the exchange rate prevailing at the statement of net assets date.

Realised and unrealized exchange gains and losses are recognized in the statement of operations.

**2.4 Interest income and dividend income**

Interest income is recognised on a time-proportionate basis and includes interest income from cash accounts and time deposits.

Dividend income is recognised when the right to receive payment is established.

**2.5 Formation expenses**

Formation expenses are expenses related to the set-up of the Fund and its Sub-Funds and are amortised on a straight-line basis over a period of 5 years.

**2.6 Taxation**

The Fund is subject to an annual subscription tax (“taxe d’abonnement”), which is payable quarterly and is calculated on the aggregate net asset value (“NAV”) of the Fund as valued on the last day of each quarter. As the Fund is a specialised investment company, regulated under the Law of February 13, 2007 (as amended by the law of March 26, 2012), the applicable rate for the subscription tax is 0.01%.

No subscription tax is payable on the value of the assets represented by units or shares held in other Luxembourg investment companies to the extent that such investment companies have already been subject to the annual subscription tax.

Under current legislation in force, the Fund is not liable to any Luxembourg income or capital gains tax, nor are dividends paid by it subject to any Luxembourg withholding tax.

## LUXEMBOURG FUTURE FUND

**Notes to the financial statements**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 3 – Formation expenses**

|  | VC Funds<br>of Funds | Co-<br>Investments | Business Angels and<br>Family Offices<br>Co-Investments | Combined        |
|--|----------------------|--------------------|---|-----------------|
|  | EUR                  | EUR                | EUR   | EUR             |
| Formation expenses at the beginning of the period            | -                    | -                  | -   | -               |
| Additions during the period                                  | 28 071               | 50 525             | 5 614   | 84 210          |
| <b>Cumulated formation expenses at the end of the period</b> | <b>28 071</b>        | <b>50 525</b>      | <b>5 614</b>  | <b>84 210</b>   |
| Amortisation at the beginning of the period                  | -                    | -                  | -   | -               |
| Amortisation during the period                               | (5 323)              | (9 579)            | (1 064)   | (15 966)        |
| <b>Cumulated amortisation at the end of the period</b>       | <b>(5 323)</b>       | <b>(9 579)</b>     | <b>(1 064)</b>  | <b>(15 966)</b> |
| <b>Balance as at March 31, 2016</b>                          | <b>22 748</b>        | <b>40 946</b>      | <b>4 550</b>  | <b>68 244</b>   |

**Note 4 – Investments**

As at March 31, 2016, the Fund does not hold any investments.

**Note 5 – Share capital**

The capital of the Fund is represented by fully paid shares with no par value and may be represented by different classes within each Sub-Fund.

Within a Sub-fund, the Board of Directors may, at any time and upon advice from the European Investment Fund, decide to issue one more classes of shares provided that the Fund may issue in each Sub-fund one or more CI Shares which are reserved for subscription by the European Investment Fund. Redeemable shares are exclusively reserved for subscription by well-informed investor within the meaning of article 2 of the SIF Law (Well-Informed Investors).

The capital of the Fund is at all times equal to the value of its net assets. The Fund was incorporated with an initial capital of EUR 52 500. The share capital of the Fund must reach at least EUR 1 250 000 within a period of 12 months following its authorisation by the CSSF.

Within each Sub-Fund, the Board of Directors may decide to issue one or more Classes of shares which will be commonly invested but subject to different fee structures, distribution, marketing targets, currency or other specific features. A separate Net Asset Value per share, which may differ as a consequence of these variable factors, will be calculated for each Class.



## LUXEMBOURG FUTURE FUND

**Notes to the financial statements**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 5 – Share capital (continued)**

The Fund issued two types of shares which are available in each Sub-Fund:

- Ordinary shares are reserved to eligible investors and entitle their holders to the Preferred Return in the waterfall.
- CI shares are reserved for subscription and holding by European Investment Fund (“EIF”), limited to one share in each Sub-Fund but give their holders the right to receive the Carried Interest.

**Luxembourg Future Fund – VC Funds of Funds**

On April 20, 2015, 3 499 Class A Ordinary shares for EUR 3 499, 14 000 Class B Ordinary shares for EUR 14 000 and one Class CI share for EUR 1 have been issued, representing the initial capital of the Sub-Fund.

On February 22, 2016, investors subscribed for EUR 82 000 represented by 82 000 Class A Ordinary shares and EUR 328 000 represented by 328 000 Class B Ordinary shares.

**Luxembourg Future Fund – Co-Investments**

On April 20, 2015, 6 299 Class A Ordinary shares for EUR 6 299, 25 200 Class B Ordinary shares for EUR 25 200 and one Class CI share for EUR 1 have been issued, representing the initial capital of the Sub-Fund.

On February 22, 2016, investors subscribed for EUR 143 000 represented by 143 000 Class A Ordinary shares and EUR 572 000 represented by 572 000 Class B Ordinary shares.

**Luxembourg Future Fund – Business Angels and Family Offices**

On April 20, 2015, 699 Class A Ordinary shares for EUR 699, 2 800 Class B Ordinary shares for EUR 2 800 and one Class CI share for EUR 1 have been issued, representing the initial capital of the Sub-Fund.

On February 22, 2016, investors subscribed for EUR 20 000 represented by 20 000 Class A Ordinary shares and EUR 80 000 represented by 80 000 Class B Ordinary shares.

**Note 6 – Determination of Net Asset Value**

The Net Asset Value (“NAV”) per share is calculated on a quarterly basis by dividing the NAV of each Class of Shares of each Sub-Fund by the total number of shares in the relevant Class of Shares.

## LUXEMBOURG FUTURE FUND

**Notes to the financial statements**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 7 – Investor commitments**

As at March 31, 2016, the investors' commitments are as follows:

**Luxembourg Future Fund – VC Funds of Funds**

|                         | <b>Total Commitment</b> | <b>Drawn<br/>Commitment</b> | <b>Outstanding<br/>Commitment</b> |
|-------------------------|-------------------------|-----------------------------|-----------------------------------|
| Class A Ordinary shares | 9 999 999               | 85 499                      | 9 914 500                         |
| Class B Ordinary shares | 40 000 000              | 342 000                     | 39 658 000                        |
| Class CI shares         | 1                       | 1                           | -                                 |

**Luxembourg Future Fund – Co-Investments**

|                         | <b>Total Commitment</b> | <b>Drawn<br/>Commitment</b> | <b>Outstanding<br/>Commitment</b> |
|-------------------------|-------------------------|-----------------------------|-----------------------------------|
| Class A Ordinary shares | 17 999 999              | 149 299                     | 17 850 700                        |
| Class B Ordinary shares | 72 000 000              | 597 200                     | 71 402 800                        |
| Class CI shares         | 1                       | 1                           | -                                 |

**Luxembourg Future Fund – Business Angels and Family Offices**

|                         | <b>Total Commitment</b> | <b>Drawn<br/>Commitment</b> | <b>Outstanding<br/>Commitment</b> |
|-------------------------|-------------------------|-----------------------------|-----------------------------------|
| Class A Ordinary shares | 1 999 999               | 20 699                      | 1 979 300                         |
| Class B Ordinary shares | 8 000 000               | 82 800                      | 7 917 200                         |
| Class CI shares         | 1                       | 1                           | -                                 |

**Note 8 – Distributions**

All distributions are subject to sufficient cash being available and will generally be made on a semi-annual basis in accordance with the waterfall as described in the Fund's prospectus.

## LUXEMBOURG FUTURE FUND

**Notes to the financial statements**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 9 – Other creditors**

Other creditors are composed as follows:

|                     | VC Funds of<br>Funds | Co-Investments | Business Angels and<br>Family Offices<br>Co-Investments | Combined      |
|---------------------|----------------------|----------------|---|---------------|
|                     | EUR                  | EUR            | EUR   | EUR           |
| Professional fees   | 38 263               | 12 980         | 9 425   | 60 668        |
| Administration fees | 12 646               | 14 349         | 10 943  | 37 938        |
| Subscription tax    | 1                    | 2              | 0   | 3             |
| <b>Total</b>        | <b>50 910</b>        | <b>27 331</b>  | <b>20 368</b>   | <b>98 609</b> |

**Note 10 – Advisory fees**

The European Investment Fund (“the Advisor”) is entitled to receive an annual advisory fee from each Sub-Fund (the “Advisory fee”) determined as follows:

- (a) 0.72% of the aggregate Sub-Fund commitments during the investment period;
- (b) Thereafter, in respect of each Sub-Fund, 0.72% of the invested capital of the relevant Sub-Fund where invested capital will include any amounts committed by the Sub-Fund to investments or reserved in respect of investments that are approved for investment and will be reduced by the amounts committed by the Sub-Fund to investments which are (i) fully liquidated or closed or (ii) sold (in whole or in part).

The Advisory fee will accrue quarterly as from the first closing date of each Sub-Fund and separately in respect of each Sub-Fund based on each Sub-Fund’s aggregate Sub-Fund commitments and invested capital. The Advisory fee will be paid quarterly in advance.

For the period from April 20, 2015 (date of incorporation) to March 31, 2016, the total Advisory fees of the Fund amounted to EUR 1 026 003.

**Note 11 – Professional fees**

During the period from April 20, 2015 (date of incorporation) to March 31, 2016, professional fees include the following:

|              | VC Funds of<br>Funds | Co-Investments | Business Angels<br>and Family<br>Offices | Combined      |
|--------------|----------------------|----------------|--|---------------|
|              | EUR                  | EUR            | EUR                                      | EUR           |
| Legal fees   | 27 967               | 2 683          | 298                                      | 30 948        |
| Audit fees   | 10 296               | 10 297         | 9 127                                    | 29 720        |
| <b>Total</b> | <b>38 263</b>        | <b>12 980</b>  | <b>9 425</b>                             | <b>60 668</b> |

## LUXEMBOURG FUTURE FUND

**Notes to the financial statements**  
**for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 12 – Administration fees**

During the period from April 20, 2015 (date of incorporation) to March 31, 2016, administration fees include the following:

|                     | <b>VC Funds of<br/>Funds</b> | <b>Co-Investments</b> | <b>Business Angels<br/>and Family<br/>Offices</b> | <b>Combined</b> |
|---------------------|------------------------------|-----------------------|---|-----------------|
|                     | <b>EUR</b>                   | <b>EUR</b>            | <b>EUR</b>  | <b>EUR</b>      |
| Administrative fees | 10 948                       | 12 508                | 9 390   | 32 846          |
| Custody fees        | 387                          | 397                   | 376   | 1 160           |
| Register fees       | 1 311                        | 1 444                 | 1 177   | 3 932           |
| <b>Total</b>        | <b>12 646</b>                | <b>14 349</b>         | <b>10 943</b>                                     | <b>37 938</b>   |

**Note 13 – Other expenses**

During the period from April 20, 2015 (date of incorporation) to March 31, 2016, other expenses include the following:

|                 | <b>VC Funds of<br/>Funds</b> | <b>Co-Investments</b> | <b>Business Angels<br/>and Family<br/>Offices</b> | <b>Combined</b> |
|-----------------|------------------------------|-----------------------|---|-----------------|
|                 | <b>EUR</b>                   | <b>EUR</b>            | <b>EUR</b>  | <b>EUR</b>      |
| Insurance fees  | 3 456                        | 6 224                 | 692   | 10 372          |
| Sponsoring fees | 780                          | 1 404                 | 156   | 2 340           |
| CSSF fees       | 2 500                        | 4 500                 | 500   | 7 500           |
| <b>Total</b>    | <b>6 736</b>                 | <b>12 128</b>         | <b>1 348</b>                                      | <b>20 212</b>   |

**Note 14 – Remuneration of Board members**

During the period from April 20, 2015 (date of incorporation) to March 31, 2016 the Board members did not receive any remuneration.

**Note 15 – Commitments**

On July 7, 2015, the Fund, via LFF - VC Fund of funds Sub-fund, committed in Paladin European Cyber Fund for USD 20 000 000, however the closing has not happened yet.

**LUXEMBOURG FUTURE FUND**

**Notes to the financial statements  
for the period from April 20, 2015 (date of incorporation) to March 31, 2016**

**Note 16 – Subsequent events**

The following capital call took place on May 18, 2016:

- VC Funds of Funds : EUR 150 000
- Co-Investments: EUR 200 000
- Business Angels and Family Offices: EUR 50 000